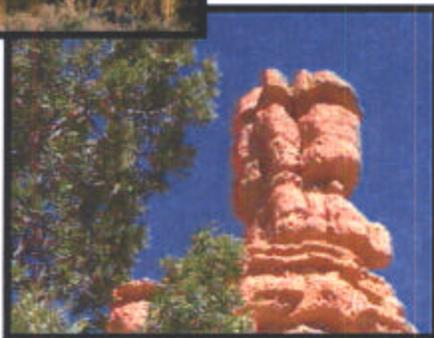
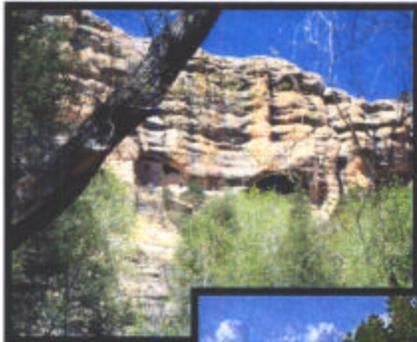


Arizona Department of Economic Security



DES Annual Report

**SFY
2000 - 2001**

**Working with the people we serve
to achieve their self-sufficiency**

**Jane Dee Hull
Governor**

**John L. Clayton
DES Director**

MISSION

The Arizona Department of Economic Security is dedicated to promoting the well-being and self-sufficiency of individuals and families through the delivery of quality integrated services.

VISION

Our vision is a Department that is valued for its leadership and excellence in the delivery of quality human services in Arizona. We value employees and strive to create organizational pride. We recognize that children are our greatest natural resource, individuals and their families are the foundation of a strong society, and that each must be afforded safe, secure and nurturing environments. The Department's service delivery is responsive and sensitive to individuals, cultural and community differences, and balances prevention and crisis assistance.

GUIDING PRINCIPLES

- We Lead by Example
- We Value Teamwork and Stakeholder Partnerships
- Customer Service is Vital to Our Success
- Employees are Valued
- Continuous Improvement is the Cornerstone of Our Agency
- We Manage by Facts
- Diversity is a Strength



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

1717 W. Jefferson • P.O. Box 6123 • Phoenix, AZ 85005

Jane Dee Hull
Governor

John L. Clayton
Director

JAN 18 2002

The Honorable Jane Dee Hull
Governor of Arizona
State Capitol, West Wing
Phoenix, AZ 85007

Dear Governor Hull:

I am pleased to submit the Annual Report for the Arizona Department of Economic Security, which covers the period of July 1, 2000 through June 30, 2001. This report details important programs and services that helped us meet our mission.

The Department's efforts resulted in national recognition for our accomplishments during State Fiscal Year 2001. We received Adoption Bonus awards from the federal government in fiscal years 2001 and 2002. The Arizona Family Builders Program was selected as a semifinalist in the 2001 Innovations in American Government Awards Program.

Implementation of major initiatives improved customer service, strengthened relationships with community partners, and fulfilled our mission of providing quality service to others. Proposition 204, which expanded medical assistance to more individuals and families in Arizona, gave the Department more involvement in the medical eligibility process with staff deployed in more than 80 new locations throughout the State. Also, the Department collaborated in the development and implementation of a Substance Abuse Treatment Program that provides a continuum of community-based services to parents with substance abuse problems. We are reaching out to more customers through innovative, community-based efforts.

Our continuing challenge is to seek more effective ways to fulfill our mission. We will build on our recent accomplishments and work hard to achieve our goal of excellence in human service delivery.

Sincerely,


John L. Clayton

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Historical Perspective

The Department was established by the State Legislature in July 1972 by combining the Employment Security Commission, the State Department of Public Welfare, the Division of Vocational Rehabilitation, the State Office of Economic Opportunity, the Apprenticeship Council and the State Office of Manpower Planning. The State Department of Mental Retardation joined the Department in 1974. The purpose in creating the Department was to provide an integration of direct services to people in such a way as to reduce duplication of administrative efforts, services and expenditures.

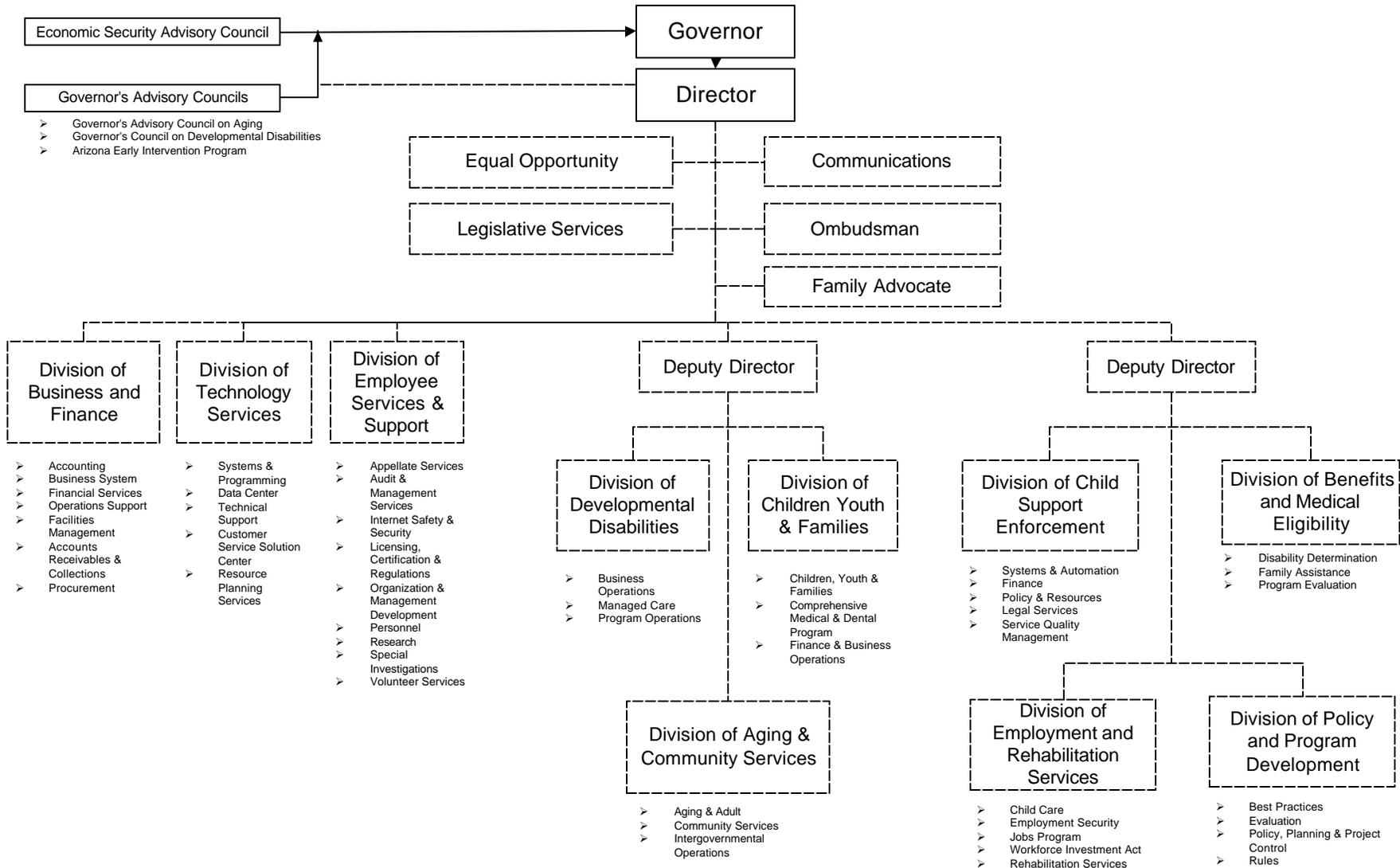
Organization and Services Provided

The Department is organized into divisions that provide protective, social and community services; employment and economic assistance; and operations support, as follows:

- The Division of Aging and Community Services (DACCS) provides and contracts for services, such as emergency assistance, food distribution information for the hungry, rural food banks, shelter and supportive services to victims of domestic violence, refugee resettlement services and shelter for the homeless. Adult services programs include adult protective services, the supplemental payments program, home care, congregate and home-delivered meals, case management, long-term care ombudsman program, State Health Insurance Assistance Program, legal assistance, Senior Community Service Employment Program (Title V), the Foster Grandparent Program and the Family Caregiver Support Program.
- The Division of Children, Youth and Families (DCYF) provides child protective services, foster care services, adoption services, in-home family services and intensive family services for families whose children are at imminent risk of out-of-home placement. In addition, comprehensive medical and dental coverage is provided for foster children under the jurisdiction of the Department, juvenile probation offices and the Department of Juvenile Corrections.
- The Division of Child Support Enforcement (DCSE) administers Arizona's child support enforcement program. The services of the Division include locating absent parents; establishing legal obligations and the amounts of child support payments; payment collections; and investigating and modifying child support payments.
- The Division of Developmental Disabilities (DDD) provides services to individuals with developmental disabilities through a 100 percent State-funded program and the Arizona Long-Term Care System (ALTCS), which is funded by the Centers for Medicare and Medicaid Services (formerly the Health Care Financing Administration) through the Arizona Health Care Cost Containment System (AHCCCS). Both programs provide foster care, as well as residential, adult day care and children's services. In addition, the ALTCS program provides acute medical care to eligible individuals.

- The Division of Employee Services and Support (DESS) provides support services to all employees and programs, including appellate services; audit and management services; special investigations; internal security; research; organization and management development; volunteer services and personnel.
- The Division of Benefits and Medical Eligibility (DBME) administers the Temporary Assistance for Needy Families (TANF) Cash Assistance, Food Stamps and State-funded General Assistance programs. In addition, the Division determines eligibility for the State's medical assistance program (AHCCCS), as well as supplemental security income through its Disability Determination Services Administration.
- The Division of Employment and Rehabilitation Services (DERS) administers Arizona's Unemployment Insurance and Job Service programs. In addition, the Division provides job training opportunities through administration of the Workforce Investment Act (WIA), Jobs Program and Vocational Rehabilitation programs. The Division also administers a comprehensive set of Child Care programs.
- The Division of Policy and Program Development (DPPD) provides support to all employees and programs in support of the Department's mission. These services include development and coordination of department policy, planning and projects; best practices; and strategic planning and evaluation. The Division focuses on identifying best practices and innovative approaches in human services; strategic planning; analyzing and developing new policies and rules; coordinating cross-divisional projects; evaluating programs; and demonstrating leadership.
- The Division of Business and Finance (DBF) provides office and general business services to the Department, such as accounting, finance, budget, collections, procurement, facilities management, printing, and mail management.
- The Division of Technology Services (DTS) provides automation and telecommunication support to the Department, including system design and programming, database management and technical support.

Arizona Department of Economic Security



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Economic Conditions and Outlook

The following economic information has been obtained from the Department's Research Administration's "Forecast Update 2001-02" press release dated August 2001 and the follow-up "Post-Attack Forecast Update" dated October 25, 2001.

Prior to the events of September 11th, Arizona's economy was succumbing to the employment contraction afflicting the national economy. High-tech and durable manufacturing industries were most affected by this downside, a process that began roughly one year earlier at the national level as capital investment shifted due to slackening demand. Manufacturing and high-tech service employers subsequently reigned in costs and excess capacity by reducing production, closing plants and furloughing or laying off employees. Arizona's economy began to show employment-related adjustments and losses around the second quarter of 2001.

Recent news headlines and data have increasingly confirmed that the national (and even global) economy is clearly slowing down. Gross domestic product figures released earlier this year—the weakest in eight years—confirmed a much slower economy than one year earlier. Nevertheless, up until the September 11th terrorist attacks, consumer spending had remained surprisingly strong. The September 11th events vastly altered the economic landscape of our nation and effectively levied a "shock" to the economy.

An evaluation of Arizona's economic outlook subsequent to the September 11th events projects nonfarm payroll jobs will grow by 1.6 percent in 2001, with a modest improvement to 2.8 percent in 2002. In terms of the number of jobs added, the post-attack forecast is for Arizona's economy to add more than 35,000 jobs in 2001 and more than 63,000 in 2002.

Arizona's manufacturing industry continues to grapple with investment shifts and slackened demand. Cost containment pressures have resulted in many highly publicized layoff announcements, while at the same time, growth is occurring in other areas. Forecasts call for the manufacturing industry to reduce its workforce by about three-tenths of one percentage point in 2001 with a slight loss in factory jobs. Growth of 1.3 percent is expected in 2002.

Still a shining star industry in Arizona, construction continues to look relatively strong through the forecast horizon. The post-attack forecast expects construction to grow at a pace of 2.1 percent in 2001 and 1.6 percent in 2002, adding 3,400 jobs in 2001 and 2,600 in 2002. Stimulating this growth over the forecast period are the continuing enticing mortgage financing rates and attractive home prices.

Service jobs in Arizona are forecast to grow at a rate of 1.3 percent in 2001 and 3.1 percent in 2002. Health, educational and automotive services are expected to continue showing relatively strong upward trends. Business travel was largely off in 2001, mostly due to the cyclical economic downside in manufacturing and high-tech service jobs. This placed downward pressure on jobs in the hotels, lodging and other related industries.

Trade jobs are forecast to grow by 1.7 percent in 2001 and 3.1 percent in 2002. While most trade sectors are projected to reduce growth through the forecast period, Arizona's economy is expected to add 25,900 trade jobs over the 2001-02 forecast period. In general, the post-attack forecast expects Arizona's consumers to take advantage of retailers offering sharp discounts.

The post-attack forecast update expects the transportation, communications and public utilities (TCPU) group to grow by eight-tenths of one percentage point in 2001 and by 3 percent in 2002. Overall, the TCPU industry is forecast to add more than 4,200 jobs in the 2001-02 period. The transportation sector experienced softening demand in 2001, especially in business travel. Companies, focused on reigning in costs, sharply reduced their travel in 2001. As a result, the downward pressure on jobs in this industry was significantly greater than in 2000.

The finance, insurance, and real estate industry is forecast to grow by nearly 2 percent in 2001 and 2.5 percent in 2002, adding more than 6,000 new jobs over the forecast horizon. While banks and investment firms are grappling with the downside pressures of a slowing economy, generally, some of these pressures are offset by refinancing and continued, moderately healthy purchasing activities. Insurance companies may be the real question in 2001 and 2002, depending on their level of exposure to the devastation in New York and other possible risk-related adjustments to future acts or threats of terrorism.

Mining and government job growth offers vastly different news throughout the two-year forecast period. Each will continue its earlier trend, with government (driven mostly by education) showing modest 3 percent growth while mining continues its modest employment contraction with workforce reductions of 4.1 percent in 2001 and about 3.2 percent in 2002.

Major Initiatives

During State Fiscal Year (SFY) 2001, the Department continued, commenced and planned a number of projects aimed at streamlining processes and improving customer service. The most significant projects are outlined below.

- Proposition 204

In November 2000, Arizona voters passed Proposition 204, which provided for expanded medical assistance benefits to Arizonans. AHCCCS requested and obtained a Title XIX waiver from the U.S. Department of Health and Human Services to add two new Medicaid categories. In May 2001, the Arizona Legislature passed, and the Governor signed, the Senator Andy Nichols Comprehensive Health Insurance Act, Senate Bill (SB) 1577, which repealed the former Medically Indigent/Medically Needy county-administered medical assistance program and provided for the transfer of responsibility for eligibility determination for the new Medicaid categories to the Department. As a result of these changes, an additional 185,000 Arizonans whose income is equal to or less than 100 percent of the Federal Poverty Level are now potentially eligible for medical assistance.

SB1577 provided for the transfer of county employees affected by this transfer of responsibilities to be offered employment in state service, with no loss of either income or seniority. SB1577 also offered the counties the option to transfer office furnishings and information technology equipment previously used in the medical eligibility determination process, to the Department. The legislation required an effective date of October 1, 2001 for these changes.

To implement the provisions of SB1577, the Department negotiated and executed intergovernmental agreements with each of the fifteen counties in Arizona and planned for the acquisition and integration of more than 650 county employees, most of whom are directly involved in the eligibility process. To accommodate this additional staff and to meet the needs of the expanded customer base, the Department has deployed staff in more than 80 new locations throughout the state. These include 50 hospitals, with the balance in such sites as former county medical assistance eligibility office locations, neighborhood centers, and county health department offices.

- Family Builders

Family Builders began January 1, 1998 as a two-and-a-half-year pilot program in Maricopa and Pima Counties. In SFY 2000, the program was re-authorized for a period of ten years by the Arizona Legislature through SB 1136. The program was expanded in fiscal year 2000 to include the rural counties of Yavapai, Coconino, Navajo, and Apache in northern Arizona and Graham, Greenlee, Cochise, and Santa Cruz in southeastern Arizona. This program is an alternative response to potential or low-risk child abuse and neglect reports through the provision of family-centered assessments and services versus a Child Protective Services (CPS) investigation. The family-centered, community-based providers and collaborators work as partners with families who choose to participate in the program. These providers and collaborators conduct family assessments, perform case management and provide a variety of services to families, including parenting skills training, counseling, assistance with transportation, emergency shelter, etc. The goal of the program is to enhance parents' ability to create safe, stable and nurturing home environments that promote the safety of all family members and healthy child development. Since the inception of the Family Builders Program, the Department has maintained a 100 percent response rate to reports of alleged abuse or neglect.

- Arizona Re-employment Rapid Access (ARRA)

In December 2000, the Employment Security Administration put into operation its second unemployment insurance call center. Combined with the call center operating in Phoenix, which opened in October 2000, this client-server-based system allows individuals to file for unemployment insurance benefits using a telephone. Toll-free access to the system is available for all intra and interstate claimants. These two centers are considered “virtual” call centers. Each caller is routed to the next available agent, regardless of at which site the agent is located. The interactive voice response (IVR) applications allow information gathered through claimant’s responses, using their telephone keypad, to be available on the responding agent’s personal computer (PC) when the call is transferred from the IVR. The call centers process all initial, additional, reopened, military, federal, interstate and combined claims.

Each center also contains an adjudications unit. A third adjudications center was opened in Yuma and is electronically connected to the call center databases. All unemployment insurance claims and adjudications are now processed through one of the three locations.

The Employment Security Administration received a grant from the U.S. Department of Labor to develop and implement an Internet application for the filing of initial claims for unemployment insurance benefits. This service is targeted to be available by fall 2002.

- Healthy Families Arizona Program

The Healthy Families Arizona Program is a community-based, multidisciplinary program serving families of newborns and is designed to reduce stress, enhance parent-child interaction, promote child health and development, and minimize the incidence of abuse and neglect within a multicultural environment. This voluntary home visitation program provides a Family Support Specialist (FSS) who assists the family in obtaining services and provides emotional support; assistance in developing parenting and coping skills; education on child development; education on the importance of good nutritional habits to improve the overall health of children; education on developmental assessments so that any learning disabilities, physical disabilities or behavioral health needs are determined; education on the importance of preventive health care and the need for screening examinations, such as hearing and vision; assistance and encouragement to provide age-appropriate immunizations so that children are immunized; assistance and encouragement to access comprehensive private and public preschool and other school readiness programs; assistance in applying for private and public financial assistance, including employment services; and assistance in accessing other applicable community and public services. The FSS works closely with the child’s pediatrician in monitoring the child’s health. Families may be visited by FSS anywhere from weekly to quarterly according to the family’s level of need. Program services are available until the child reaches five years of age.

- Substance Abuse Treatment Program

The Substance Abuse Treatment Program is an innovative collaboration between the community, the Department, the Department of Health Services, faith-based organizations and regional behavioral health authorities. This program will provide a continuum of community-based, family-centered services to parents whose substance abuse has been identified as a significant barrier to maintaining or reunifying the family, or to employment stability. Eligible participants include those parents who are reported to Child Protective Services and who are TANF cash recipients. In addition to core substance abuse treatment

and recovery services, other essential support services will be provided to assist the entire family in its recovery. Through the key efforts of the Legislature and support of the Governor's Office, SB 1280 was passed to appropriate TANF funding for this essential program to begin service delivery March 1, 2001.

- TANF Reauthorization

The TANF program was created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). Authorization for the TANF program ends September 30, 2002. The United States Congress must pass reauthorization legislation in order for the TANF program to continue. Congress is expected to consider TANF reauthorization during the 2002 session.

- Health Insurance Portability and Accountability Act of 1996 (HIPAA)

In 1996, Congress passed the Health Insurance Portability and Accountability Act of 1996 (HIPAA). HIPAA mandates significant changes in the legal and regulatory environment to guarantee the security and privacy of health-related information and to standardize the format of electronic transmissions of health-related data. In collaboration with other state agencies involved with health care, the State is developing recommendations on a State HIPAA Governance Board. The Department also is assessing the impacts of HIPAA on internal business and program operations and has begun an assessment of required system modifications.

- Workforce Investment Act (WIA) Eligible Training Provider List

Since the implementation of WIA in July 2000, the Workforce Development Administration has succeeded in overseeing the certification of approximately 1,000 training programs to the statewide Eligible Training Provider List. Training programs certified to the State list include a comprehensive mix of courses aligned with the occupations in demand in Arizona.

The providers of these training programs include community colleges, private post secondary institutions and community-based organizations. The State list, available on the Internet, assists WIA participants who are issued training vouchers in selecting training that best meets their abilities and interests. The list is also available to the general public and contains the Consumer Report System, which details the performance of each certified training program in terms of student completion rates, employment rates and average wages. The Eligible Training Provider List serves as a prime example of customer choice and universal access under WIA.

- Relatives as Parents Program (RAPP)

The RAPP is a statewide initiative aimed at serving relative caregivers. RAPP has three primary objectives: (1) to facilitate the development of five new relatives as parents support groups; (2) to expand the statewide RAPP network; and (3) to enhance the participation in the RAPP statewide task force. The RAPP initiative is funded through the Brookdale Foundation Group and is implemented through the Department's Aging and Adult Administration (AAA). AAA has contracted with the Beatitudes Center D.O.A.R. (Developing Older Adult Resources) to issue mini-grants in an effort to encourage and enable the development of local relatives as parents support groups. Two support groups have been initiated under the sponsorship and support of local agencies in different parts of the state.

- National Family Caregiver Support Program

The Older Americans Act Amendments of 2000 established a National Family Caregiver Support Program. Arizona received an allocation of \$1.9 million to implement the Arizona Family Caregiver Support Program. The program calls for all states, working in partnership with area agencies on aging and local community-service providers to have the five basic services for family caregivers, including the following:

- Information to caregivers about available services.
- Assistance to caregivers in gaining access to supportive services.
- Individual counseling, organization of support groups, and caregiver training to caregivers to assist the caregivers in making decisions and solving problems relating to their caregiving roles.
- Respite care to enable caregivers to be temporarily relieved from their caregiving responsibilities.
- Supplemental services, on a limited basis, to complement the care provided by caregivers.

Services are to be provided to (1) family caregivers of older adults and (2) grandparents and other relative caregivers of children not more than 18 years of age. The statute requires states to give priority consideration to (1) persons in greatest social and economic need (with particular attention to low-income, minority individuals) and (2) older individuals providing care and support to persons with mental retardation and related developmental disabilities.

Automation Initiatives

The Department continues to enhance its automation capabilities. Automation can have a positive impact on the way the Department provides services to the public and can enhance the productivity of Department staff. Several major automation initiatives have been completed or are underway in the Department, including the following:

- Accounts Receivable Integrated Collections System (ARICS)

ARICS is the user-friendly system designed by the Office of Accounts Receivable and Collections (OARC) staff to support its business functions. ARICS provides information processing for the tracking and collections of overpayment claims in public assistance programs, as well as other public debts. To facilitate enhanced food stamp collections, the Treasury Offset Program (TOP) was redesigned, automated and integrated to ARICS. The Disqualified Recipient Sub-system (DRS) which transmits the exchange of disqualified Food Stamp recipients information between states was completely redesigned and integrated with ARICS. DRS information is now automatically transmitted and updated to the National Database. SB 1031 allowed for sale of the ARICS system with 50 percent of the proceeds to be retained and deposited to the Public Assistance Collections (PAC) fund. The remaining 50 percent will be sent to the State's General Fund. On May 16, 2001, an intergovernmental agreement was prepared and submitted to Hawaii as provided by legislation.

- Division of Developmental Disabilities (DDD) Acute Care and Comprehensive Medical and Dental Program (CMDP) Managed Care Software Projects

To improve the functionality of their acute care software, both DDD and CMDP implemented a fully functional packaged software solution developed by Quality Care Solutions, Inc. of Phoenix Arizona, called QMACS®. QMACS® was originally developed to support the Arizona Health Care Cost Containment System's (AHCCCS) contracted health plans and is a tested and proven comprehensive managed care software package. QMACS® is designed to enhance business processes that not only enable operating efficiencies but also conforms to industry standards. QMACS® was installed for CMDP in January 2001 and for DDD in October 2001.

- Infrastructure Expansion Project

The Department has initiated an Information Technology (IT) Infrastructure Upgrade plan as a multi-year effort to address telecommunications issues and areas of information technology in which opportunities have been identified for more efficient and/or effective operations. The three major areas to be addressed are identified as follows:

- Network Infrastructure.
- Network Management Capability.
- Local Office Workstations.

The IT Infrastructure Expansion Project will establish a modern Wide Area Network infrastructure to provide the capability to meet current and future needs; conform to state IT standards and direction; and reduce the total cost of ownership of IT resources across all Department programs.

Awards

- The Arizona Family Builders Program was selected as a semifinalist in the 2001 Innovations in American Government Awards Program. Fewer than eight percent (only 100 programs from the initial pool of 1,263 applications) advanced to the semifinalist selection round. The Innovations in American Government Program recognizes creative governmental initiatives that are especially effective in addressing vital public concerns.
- Arizona has received its second IV-E Adoption Bonus award from the federal government. As part of the Adoption and Safe Family Act, the Department was required to establish a baseline goal for adoptions for the coming fiscal years. These goals are used to evaluate whether the Department is eligible for the Adoption Incentive Awards. The Department received \$1,326,000 in fiscal year 2001 and \$221,724 in fiscal year 2002.

Key Performance Results 2000

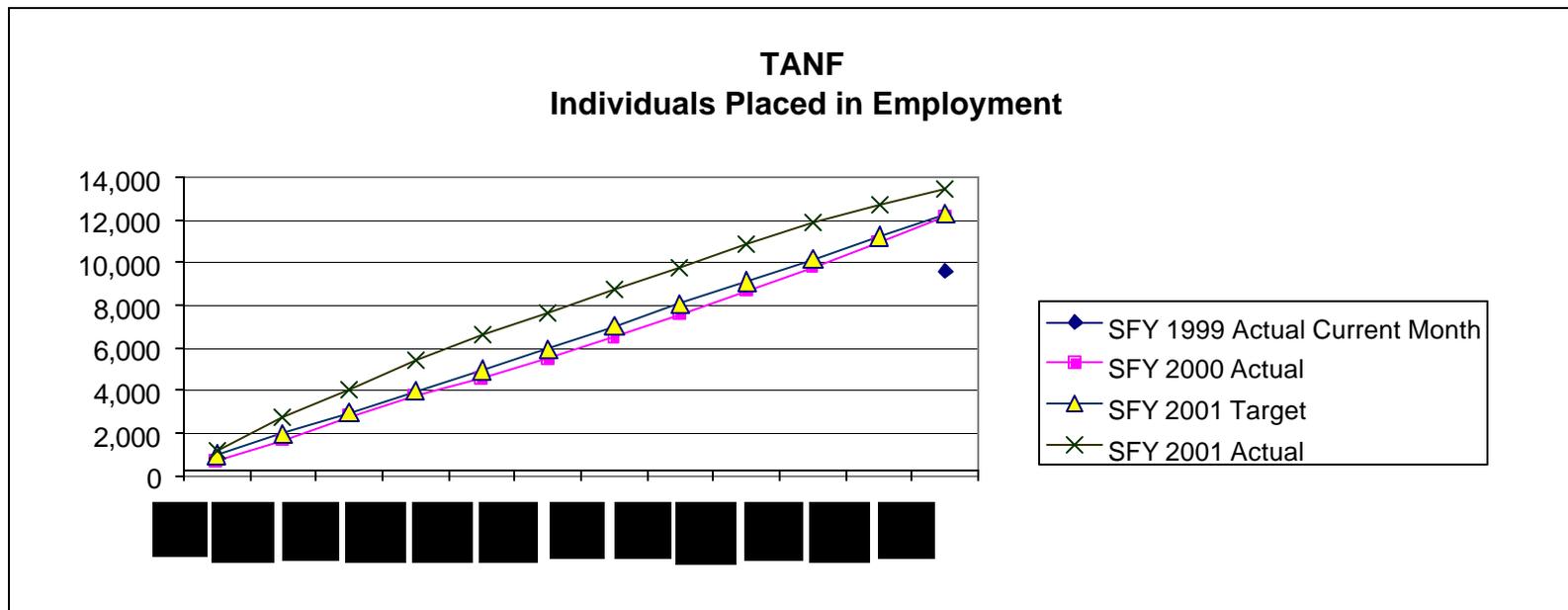
The Department of Economic Security reports monthly to the Arizona Department of Administration on Key Performance Results (KPRs). The KPRs focus on critical issues that are important to the agency. The KPRs are shared with the Governor's Office to demonstrate agency progress and success in providing quality services to State residents.

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Department of Economic Security

FY 2001 Monthly Key Performance Results

By June 30, 2001, the DES will place 12,264 TANF clients in employment.



This measure represents the year-to-date unduplicated number of individuals receiving TANF cash assistance who were placed in employment by DES.

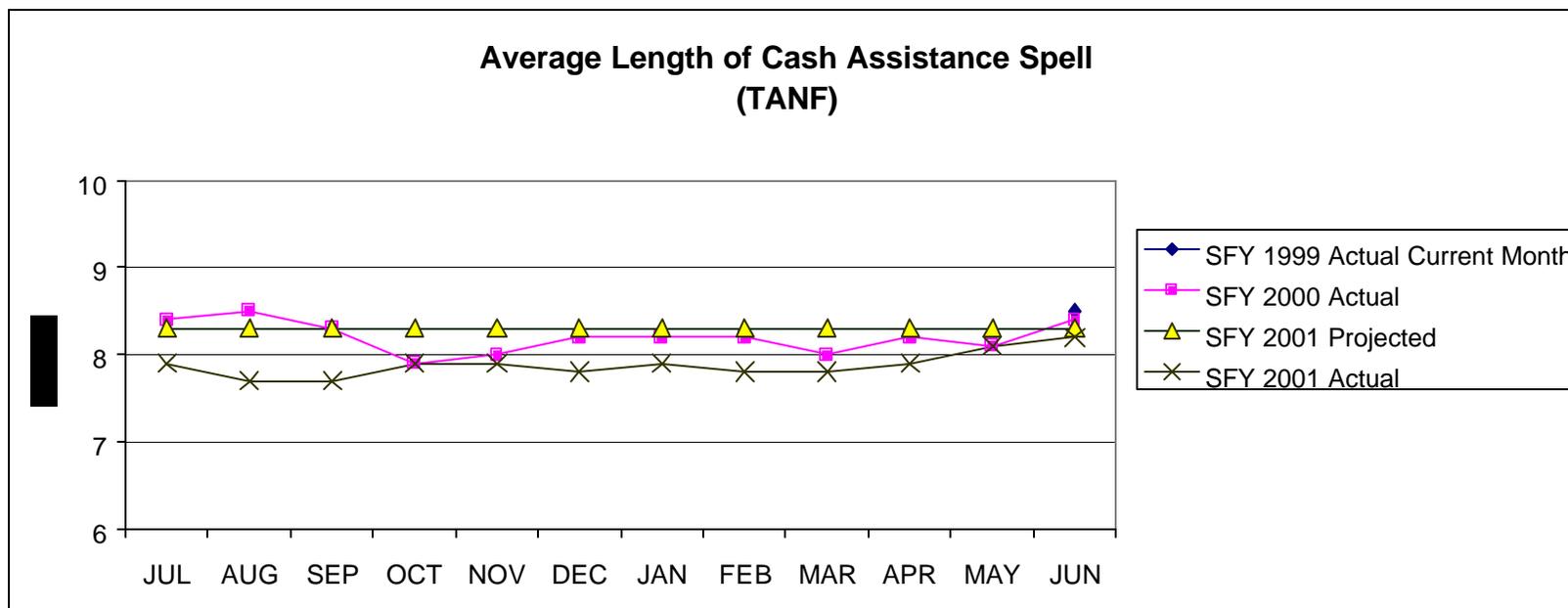
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
SFY 1999 Actual Current Month												9,604
SFY 2000 Actual	672	1,638	2,771	3,756	4,565	5,495	6,498	7,534	8,653	9,779	10,936	12,126
SFY 2001 Target	989	1,978	2,967	3,956	4,945	5,934	6,989	8,044	9,099	10,154	11,209	12,264
SFY 2001 Actual	1,160	2,732	4,036	5,398	6,565	7,587	8,722	9,762	10,814	11,872	12,694	13,449

Placement numbers are not available until the 45th day following the close of the month.

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Department of Economic Security

FY 2002 Monthly Key Performance Results



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
SFY 1999 Actual Current Month												8.5
SFY 2000 Actual	8.4	8.5	8.3	7.9	8.0	8.2	8.2	8.2	8.0	8.2	8.1	8.4
SFY 2001 Projected	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
SFY 2001 Actual	7.9	7.7	7.7	7.9	7.9	7.8	7.9	7.8	7.8	7.9	8.1	8.2

This measure represents the cumulative monthly average of the length of a cash assistance spell for cases closed each month.

A cash assistance spell means the period from the first month benefits are paid until the case is closed.

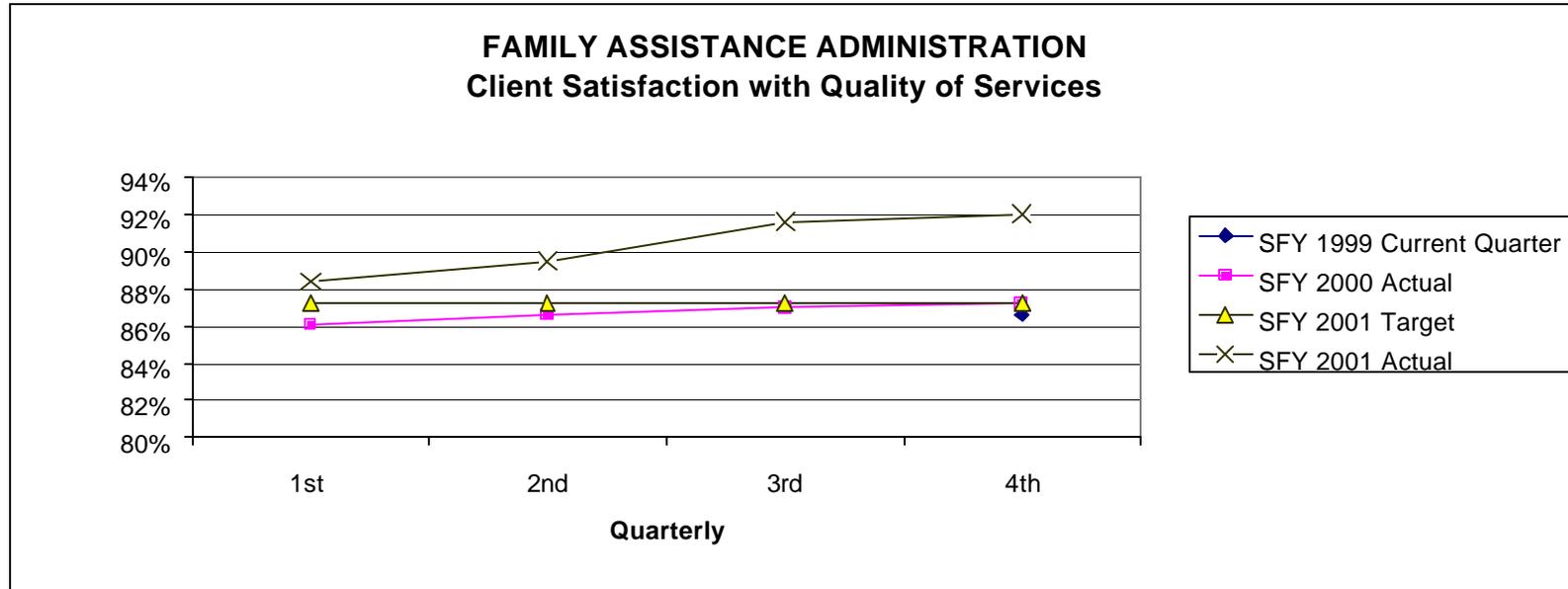
Data are collected since November 1995 and are not available until 45 days following the close of the month.

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Department of Economic Security

FY 2001 Monthly Key Performance Results

By June 30, 2001, the DES will have customer satisfaction with the quality of services received from the Family Assistance Administration at 87.20%



	1st	2nd	3rd	4th
SFY 1999 Current Quarter				86.60%
SFY 2000 Actual	86.10%	86.60%	87.00%	87.20%
SFY 2001 Target	87.20%	87.20%	87.20%	87.20%
SFY 2001 Actual	88.40%	89.50%	91.60%	92.00%

Client satisfaction data are collected on a quarterly basis only.

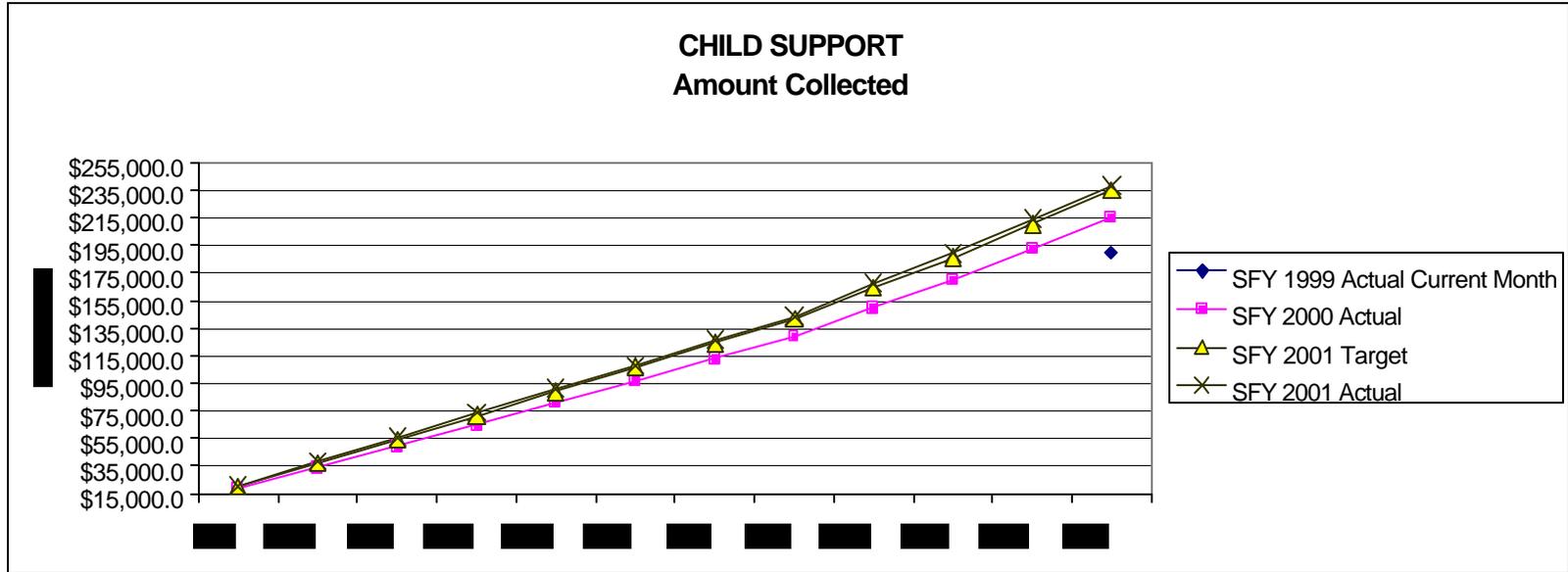
This is a point-in-time measure and represents the percentage of clients who rated services from 1 to 3 on a scale of 1 to 5, with 1 being the highest rating and 5 being the lowest rating.

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Department of Economic Security

FY 2001 Monthly Key Performance Results

By June 30, 2001, the DES will increase total IV-D collections to \$235,000,000.



This measure represents the total year-to-date amount of IV-D dollars collected.

(THOUSANDS)	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
SFY 1999 Actual Current Month												\$189,225.7
SFY 2000 Actual	\$18,501.9	\$33,726.4	\$49,243.5	\$64,865.8	\$81,063.4	\$97,034.8	\$112,689.7	\$128,543.4	\$149,483.4	\$169,477.4	\$192,110.4	\$214,917.4
SFY 2001 Target	\$20,166.3	\$37,009.5	\$54,077.5	\$71,260.5	\$89,121.6	\$106,724.3	\$124,005.0	\$141,481.7	\$164,219.2	\$185,831.5	\$210,380.2	\$235,000.0
SFY 2001 Actual	\$20,495.0	\$38,625.5	\$55,834.3	\$73,821.0	\$90,962.7	\$107,773.7	\$126,635.1	\$143,207.4	\$167,512.2	\$189,380.0	\$213,934.0	\$238,037.6

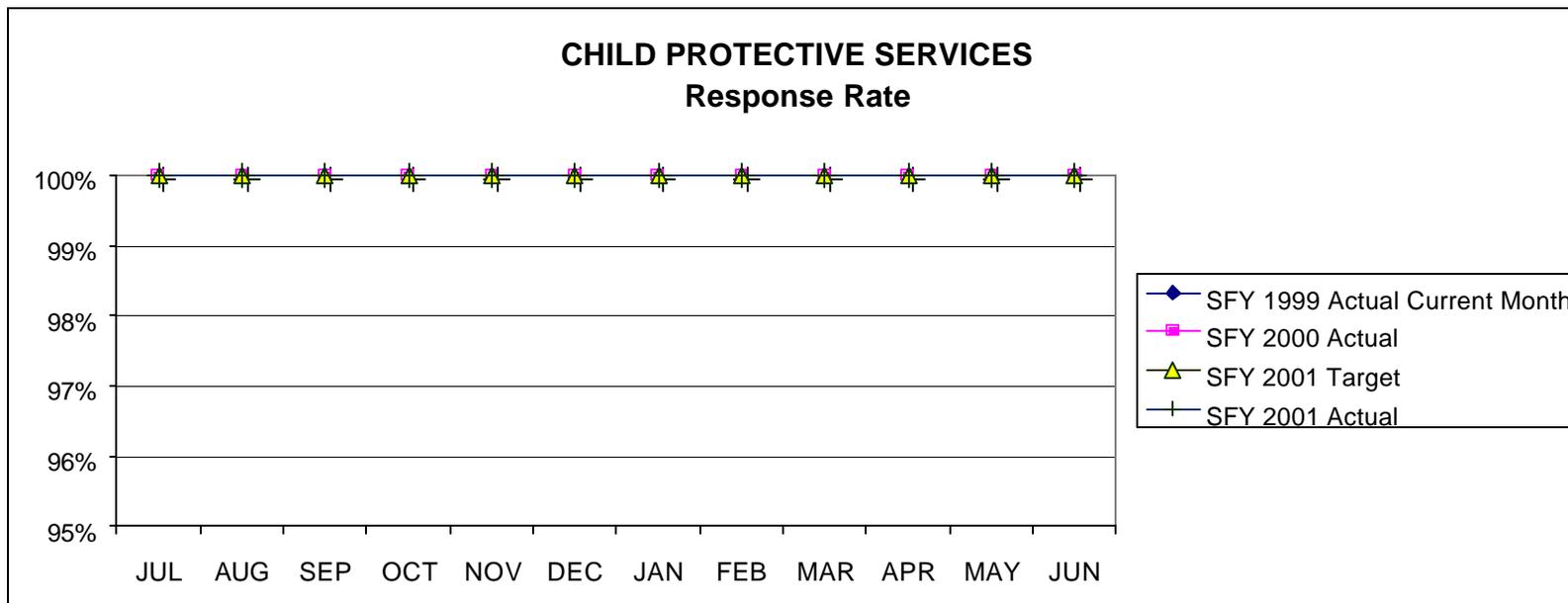
Monthly data will become available 45 days after the last day of the month.

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Department of Economic Security

FY 2001 Monthly Key Performance Results

By June 30, 2001, DES will maintain the Child Protective Services & Family Builders combined response rate of 100%.



This measure represents the number of CPS reports assigned for investigation plus the number of reports referred to Family Builders compared to the total number of CPS reports received.

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
SFY 1999 Actual Current Month												100.00%
SFY 2000 Actual	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
SFY 2001 Target	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
SFY 2001 Actual	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Monthly data are available 60 days after the last day of the month.
Data are reported after resolution of fluctuations between reporting periods.

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S t a t i s t i c s

The Department of Economic Security presents statistical tables that are relative to its operations as a human services agency of the State of Arizona

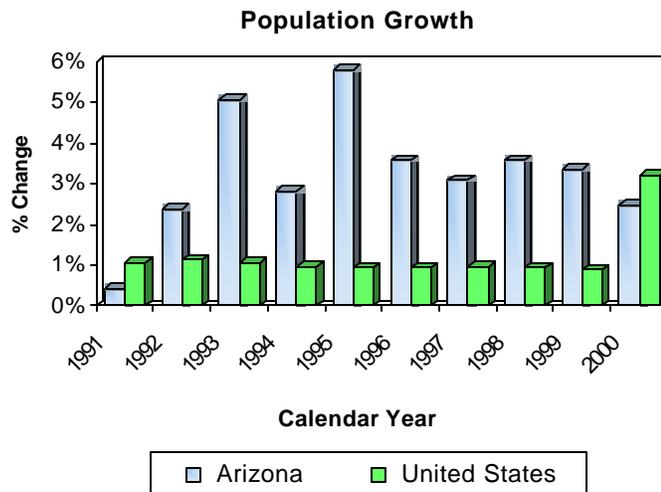
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ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison Between Arizona and United States
Population
For the Calendar Years Ended December 31

<u>Year</u>	<u>Arizona Population</u>	<u>United States Population</u>	<u>Percentage Change in Arizona Population</u>	<u>Percentage Change in U.S. Population</u>
1991	3,680,000	252,153,000	0.41%	1.08%
1992	3,767,000	255,030,000	2.36%	1.14%
1993	3,958,000	257,783,000	5.07%	1.08%
1994	4,071,000	260,327,000	2.85%	0.99%
1995	4,307,000	262,803,000	5.80%	0.95%
1996	4,462,000	265,229,000	3.60%	0.92%
1997	4,600,000	267,784,000	3.09%	0.96%
1998	4,764,000	270,248,000	3.57%	0.92%
1999	4,924,000	272,691,000	3.36%	0.90%
2000	5,045,000	281,422,000	2.46%	3.20%

Source: The United States Bureau of Economic Analysis; and the Arizona Department of Economic Security, Research Administration.

Note: The information contained in the sources used for this table is revised on a continuing basis and, accordingly, the amounts in the above table have been revised. Therefore, amounts presented for some years may not match the amounts presented in the Department's CAFR for the prior years.



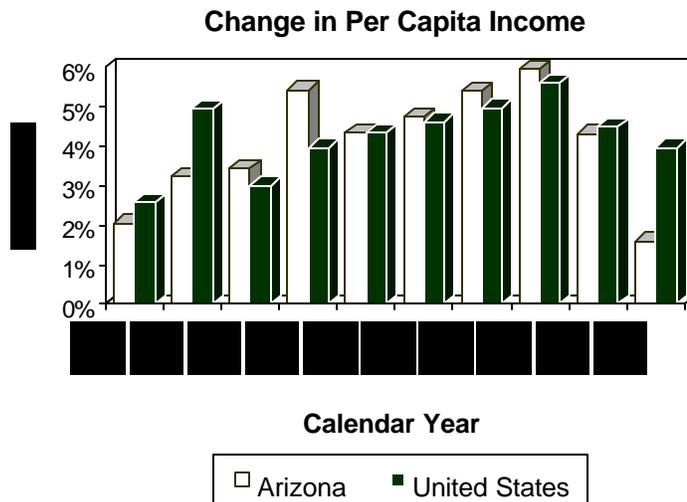
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ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison Between Arizona and United States
Per Capita Income
For the Calendar Years Ended December 31

<u>Year</u>	<u>Arizona Per Capita Income</u>	<u>U.S. Per Capita Income</u>	<u>Percentage Change in Arizona Per Capita Income</u>	<u>Percentage Change in U.S. Per Capita Income</u>
1991	\$ 17,563	\$ 20,089	2.05%	2.58%
1992	18,131	21,082	3.23%	4.94%
1993	18,756	21,718	3.45%	3.02%
1994	19,774	22,581	5.43%	3.97%
1995	20,634	23,562	4.35%	4.34%
1996	21,611	24,651	4.73%	4.62%
1997	22,780	25,874	5.41%	4.96%
1998	24,133	27,321	5.94%	5.59%
1999	25,173	28,546	4.31%	4.48%
2000	25,578	29,676	1.61%	3.96%

Source: The United States Bureau of Economic Analysis.

Note: The information contained in the sources used for this table is revised on a continuing basis and, accordingly, the amounts in the above table have been revised. Therefore, amounts presented for some years may not match the amounts presented in the Department's CAFR for the prior years.



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**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Expenditures by Function and Funding Source
(Governmental and Expendable Trust Funds)
For the Fiscal Years Ended June 30**

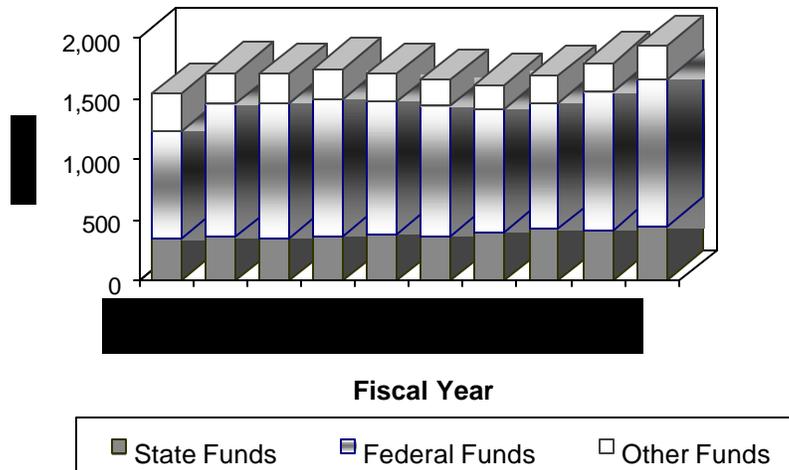
HEALTH AND WELFARE:

Year	State Funds	Federal Funds	Other Funds	Total Funds
1992	\$ 343,758,700	\$ 888,109,515	\$ 306,811,857	\$ 1,538,680,072
1993	360,053,000	1,097,998,692	258,209,249	1,716,260,941
1994	353,782,600	1,111,025,346	238,523,964	1,703,331,910
1995	372,114,400	1,129,460,885	240,231,124	1,741,806,409
1996	386,169,400	1,092,763,240	225,288,163	1,704,220,803
1997	370,757,400	1,072,660,950	216,699,361	1,660,117,711
1998	400,340,700	1,018,548,228	202,518,001	1,621,406,929
1999	425,235,500	1,045,925,462	220,049,050	1,691,210,012
2000	422,155,816	1,134,907,352	241,950,698	1,799,013,866
2001	442,940,537	1,215,771,799	278,444,218	1,937,156,554

Source: The Arizona Department of Economic Security, Office of the Budget, Unaudited, 1992; Audited Annual Financial Report, 1993; and Audited Comprehensive Annual Financial Report, 1994, 1995, 1996, 1997, 1998, 1999, 2000 and 2001.

Note: The Federal Funds amounts include amounts for food stamp benefits distributed.

**Expenditures by Function and Funding Source
(In millions)**



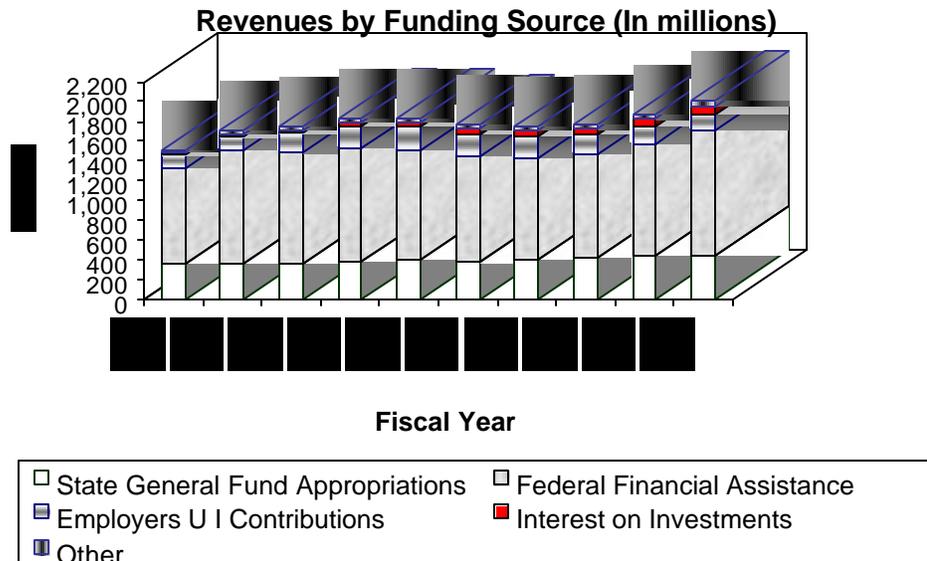
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**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Revenues by Funding Source
(Governmental and Expendable Trust Funds)
For the Fiscal Years Ended June 30**

Year	State General Fund Appropriations	Federal Financial Assistance	Employers UI Contributions	Interest on Investments	Other	Total
1992	\$ 357,457,800	\$ 972,447,084	\$ 128,042,602	\$ 36,066,284	\$ 14,136,310	\$ 1,508,150,080
1993	367,363,500	1,148,257,103	124,081,164	29,012,139	32,186,623	1,700,900,529
1994	356,801,100	1,121,879,899	201,229,020	26,681,446	37,330,662	1,743,922,127
1995	379,581,100	1,142,831,235	235,800,076	30,346,709	45,731,486	1,834,290,606
1996	397,217,300	1,110,112,146	239,480,340	38,861,761	48,154,973	1,833,826,520
1997	373,669,400	1,078,901,892	225,101,956	43,414,155	47,406,581	1,768,493,984
1998	409,640,900	1,016,492,399	223,517,434	51,591,704	49,907,366	1,751,149,803
1999	425,530,200	1,045,521,174	191,326,704	58,281,429	56,212,888	1,776,872,395
2000	434,171,319	1,143,846,770	177,603,712	64,010,350	57,845,055	1,877,477,206
2001	434,834,859	1,267,241,399	175,736,341	69,609,832	61,579,318	2,009,001,749

Source: The Arizona Department of Economic Security, Office of Finance, Unaudited, 1992; Audited Annual Financial Report, 1993; and Audited Comprehensive Annual Financial Report, 1994, 1995, 1996, 1997, 1998, 1999, 2000 and 2001.

Note: The Federal Financial Assistance amounts include amounts for food stamp benefits distributed.



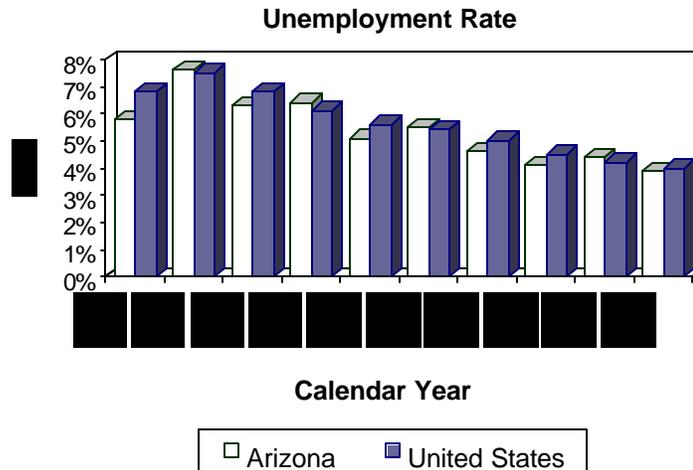
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ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison Between Arizona and United States Unemployment
For the Calendar Years Ended December 31

<u>Year</u>	<u>Number of Unemployed - Arizona</u>	<u>Number of Unemployed - U.S.</u>	<u>Unemployment Rate - Arizona</u>	<u>Unemployment Rate - U.S.</u>
1991	103,000	8,640,000	5.80%	6.80%
1992	139,000	9,611,000	7.60%	7.50%
1993	115,000	8,927,000	6.30%	6.80%
1994	128,000	7,976,000	6.40%	6.10%
1995	115,000	7,407,000	5.10%	5.60%
1996	122,000	7,231,000	5.50%	5.40%
1997	101,000	6,727,000	4.60%	5.00%
1998	93,000	6,204,000	4.10%	4.50%
1999	104,000	5,879,000	4.40%	4.20%
2000	91,000	5,652,000	3.90%	4.00%

Source: The Arizona Department of Economic Security, Research Administration, Economic Analysis; and the United States Department of Labor, Monthly Labor Review.

Note: The information contained in the sources used for this table is revised on a continuing basis and, accordingly, the amounts in the above table have been revised. Therefore, amounts presented for some years may not match the amounts presented in the Department's CAFR for the prior years.



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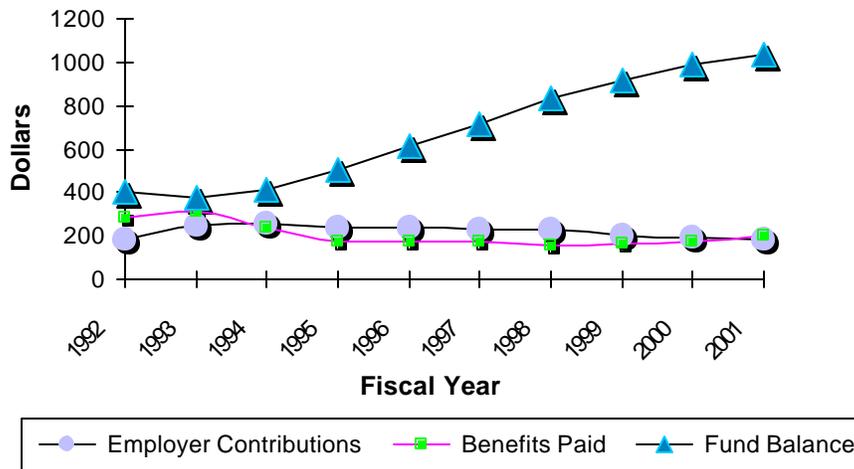
**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Unemployment Insurance Financial Transaction Summary
For the Fiscal Years Ended June 30**

<u>Year</u>	<u>Total Employer Contributions</u>	<u>Total Benefits Paid</u>	<u>Trust Fund Balance</u>
1992	\$ 178,838,516	\$ 284,087,630	\$ 406,935,508
1993	247,003,400	311,482,824	372,205,292
1994	253,105,103	238,666,989	412,794,159
1995	236,679,799	173,317,247	504,536,522
1996	240,046,970	177,755,864	613,437,439
1997	227,644,491	172,336,147	711,845,399
1998	228,236,334	159,930,580	831,262,488
1999	200,221,238	169,265,609	919,819,409
2000	188,348,457	177,980,914	993,052,630
2001	182,095,014	202,900,332	1,038,116,687

Source: The Arizona Department of Economic Security, Unemployment Insurance Financial Transaction Summary Report.

Note: The total benefits paid amount for all fiscal years has been adjusted to include interstate benefits.

**Unemployment Insurance Contribution to Benefits and
Fund Balance (In millions)**

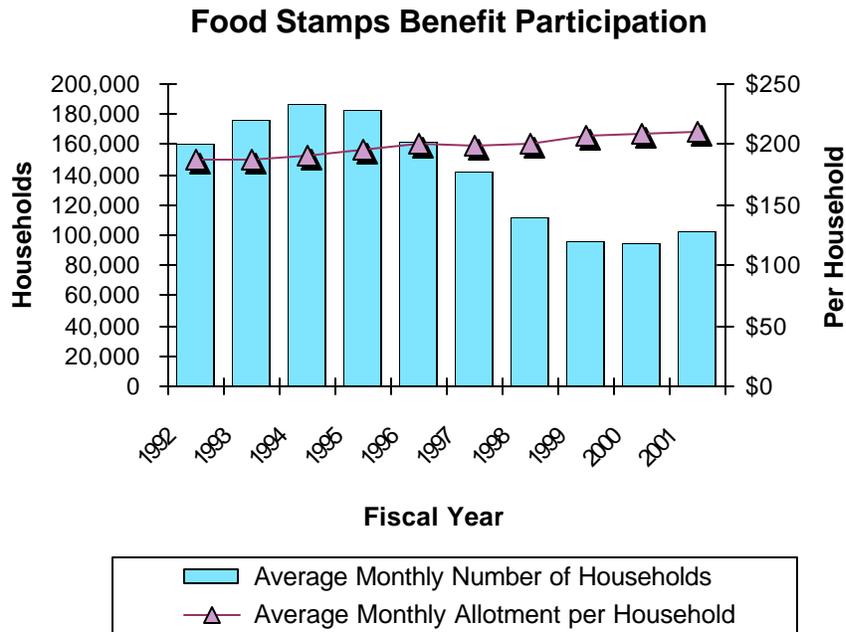


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**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Food Stamp Benefits Participants
For the Fiscal Years Ended June 30**

<u>Year</u>	<u>Average Monthly Number of Households</u>	<u>Average Monthly Number of Persons</u>	<u>Average Monthly Allotment Per Household</u>	<u>Average Monthly Allotment Per Person</u>	<u>Average Monthly Benefits Distributed</u>
1992	160,498	443,310	\$ 187.12	\$ 67.75	\$ 30,032,306
1993	175,686	480,865	186.92	68.29	32,838,478
1994	186,714	510,477	190.10	69.53	35,494,355
1995	182,782	494,637	195.05	72.08	35,651,359
1996	161,415	434,542	200.91	74.63	32,429,993
1997	141,981	385,061	199.34	73.50	28,302,483
1998	112,345	311,142	201.11	72.61	22,593,553
1999	95,938	260,736	207.73	76.43	19,929,511
2000	95,238	257,989	208.83	77.09	19,889,001
2001	102,307	277,192	211.04	77.89	21,590,998

Source: The Arizona Department of Economic Security, Family Assistance Administration.

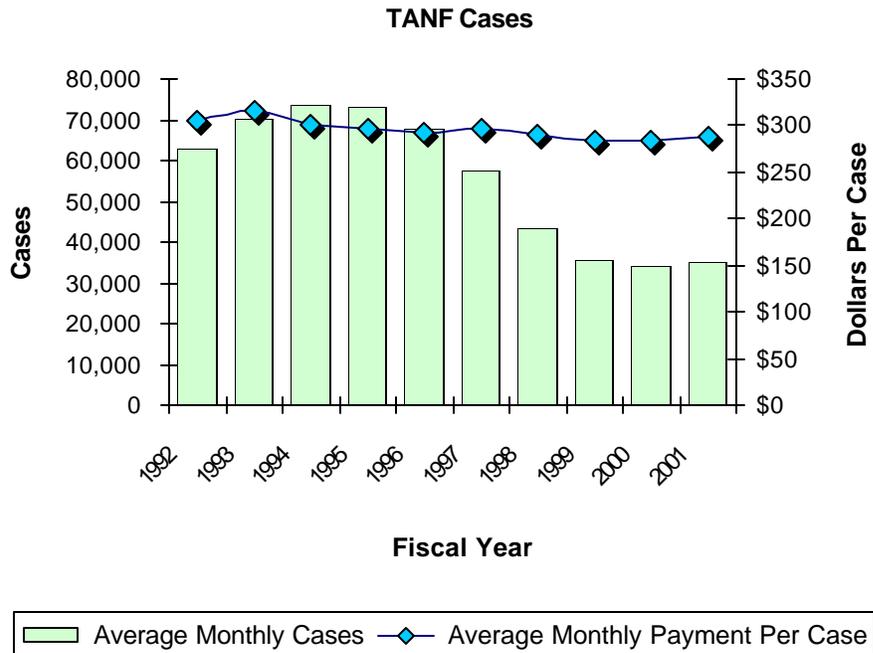


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ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Temporary Assistance for Needy Families
For the Fiscal Years Ended June 30

<u>Year</u>	<u>Average Monthly Number of Cases</u>	<u>Average Monthly Number of Recipients</u>	<u>Average Monthly Payment Per Case</u>	<u>Average Monthly Payment Per Recipient</u>	<u>Average Monthly Payments</u>
1992	63,015	178,900	\$ 304.63	\$ 107.30	\$ 19,196,299
1993	70,452	197,543	315.48	112.51	22,226,198
1994	73,470	205,203	300.32	107.52	22,064,301
1995	73,277	201,019	296.57	108.11	21,731,910
1996	67,784	183,274	292.15	108.05	19,803,335
1997	57,526	155,037	296.30	109.94	17,045,065
1998	43,601	119,011	290.35	106.37	12,659,966
1999	35,730	95,556	282.66	105.69	10,099,685
2000	34,211	89,770	283.82	108.16	9,709,791
2001	35,218	91,476	288.50	111.07	10,160,486

Source: The Arizona Department of Economic Security, Family Assistance Administration.

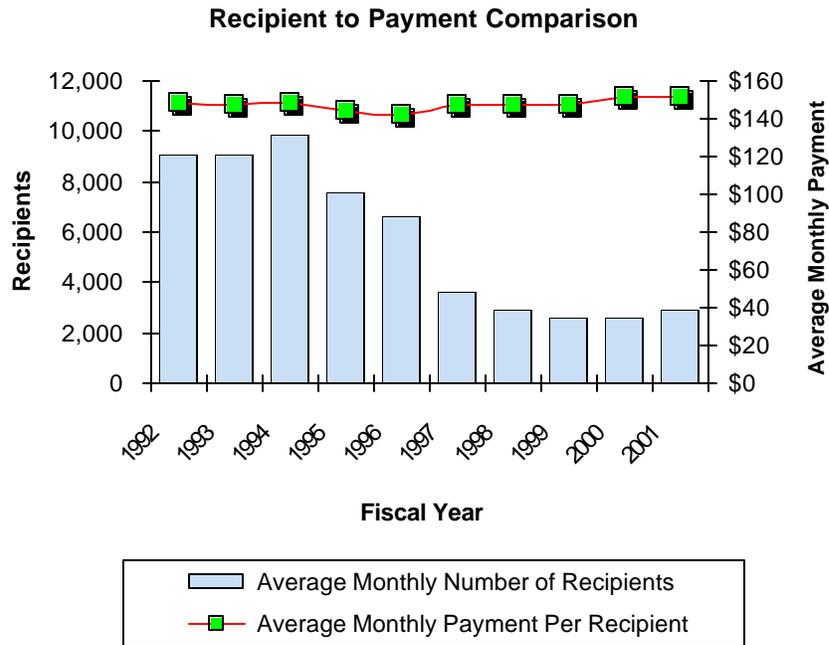


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**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
General Assistance
For the Fiscal Years Ended June 30**

<u>Year</u>	<u>Average Monthly Number of Recipients</u>	<u>Average Monthly Payment Per Recipient</u>	<u>Average Monthly Payments</u>
1992	9,116	\$ 148.36	\$ 1,352,449
1993	9,109	146.78	1,337,067
1994	9,855	147.63	1,455,003
1995	7,618	143.73	1,094,888
1996	6,655	141.97	944,841
1997	3,631	147.25	534,679
1998	2,883	146.87	423,430
1999	2,627	146.67	385,315
2000	2,566	151.93	389,855
2001	2,912	152.13	443,007

Source: The Arizona Department of Economic Security, Family Assistance Administration.



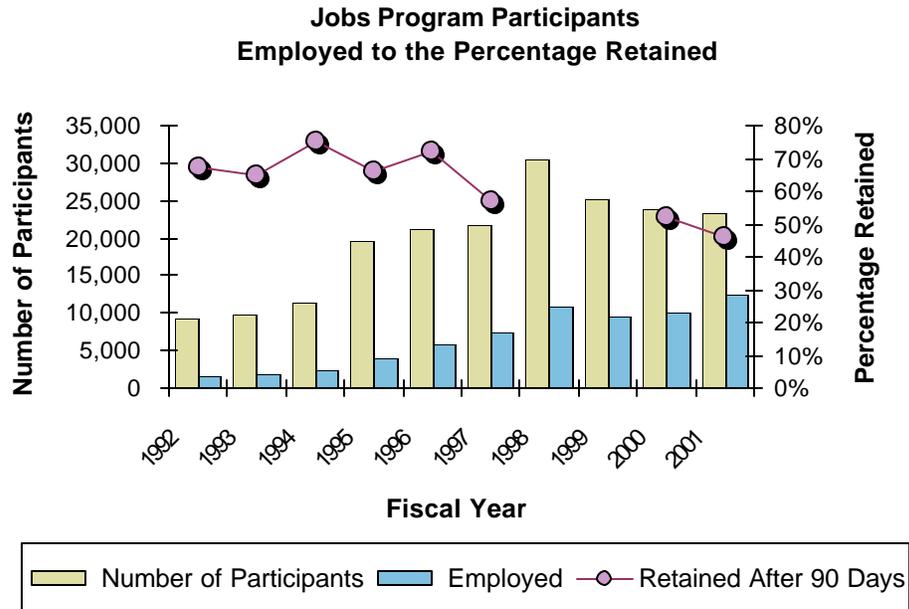
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**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Jobs Program
Comparison of Participants and Participants Employed
to the Percentage Retained
For the Fiscal Years Ended June 30**

<u>Year</u>	<u>Number of Participants</u>	<u>Total Employed</u>	<u>Percentage Retained After 90 Days</u>
1992	9,390	1,489	67%
1993	9,905	1,880	65%
1994	11,446	2,445	75%
1995	19,544	3,984	66%
1996	21,263	5,905	72%
1997	21,734	7,433	57%
1998	30,520	10,930	N/A
1999	25,209	9,604	N/A
2000	23,802	9,950	52%
2001	23,290	12,405	46%

Source: The Arizona Department of Economic Security, Jobs/JTPA Administration.

Note: The Jobs Program started in fiscal year 1991. In fiscal year 1998 and the first half of 1999, percentage retained after 90 days was not tracked as a performance measure.



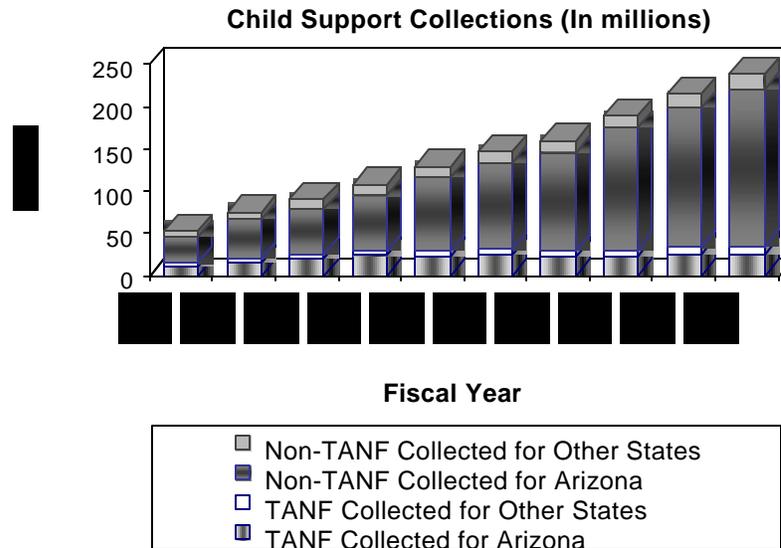
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**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Child Support Enforcement Collections
For the Fiscal Years Ended June 30**

Year	TANF Collected for Arizona	TANF Collected for Other States	Non-TANF Collected for Arizona	Non-TANF Collected for Other States	Total Collections
1992	\$ 10,603,300	\$ 3,867,800	\$ 31,259,700	\$ 6,701,100	\$ 52,431,900
1993	15,404,200	4,151,500	46,880,600	8,561,800	74,998,100
1994	20,679,000	4,756,100	53,339,400	11,696,800	90,471,300
1995	23,813,000	5,025,800	65,478,200	12,983,200	107,300,200
1996	23,226,800	5,893,600	86,903,200	13,220,700	129,244,300
1997	25,042,400	6,142,200	103,245,200	12,632,300	147,062,100
1998	21,895,100	7,164,900	117,104,400	13,532,600	159,697,000
1999	22,700,300	7,284,700	145,367,800	13,791,700	189,144,500
2000	25,100,000	8,212,400	165,356,200	16,248,800	214,917,400
2001	26,106,500	8,538,800	186,167,200	17,225,100	238,037,600

Source: The Arizona Department of Economic Security, Division of Child Support Enforcement.

Note: Amounts presented in the schedule above do not include non-Title IV-D client collections of approximately \$143, \$251 and \$262 million for fiscal years 1999, 2000 and 2001, respectively. TANF collected for fiscal years 2000 and 2001 includes Foster Care collections.



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A p p e n d i x A

Children and Family Services
Training Program Fund

**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
ADMINISTRATION FOR CHILDREN, YOUTH AND FAMILIES (ACYF)
CHILDREN AND FAMILY SERVICES TRAINING PROGRAM FUND**

STATUS REPORT

To improve the quality of services provided to children and families, the Department offers ACYF staff a comprehensive child welfare training program. Training goals include the following:

1. Developing training based on clearly identified training needs.
2. Using child welfare best practices and state-of-the-art methodologies.
3. Emphasizing cultural competency.
4. Integrating family-centered child welfare best practices consistent with existing national standards.
5. Accepting and supporting comprehensive competency-based training.
6. Promoting and facilitating the transfer of knowledge, skills and awareness from the training site to the job site.
7. Supporting the professional growth and development of ACYF staff.
8. Involving field staff in decision making on training issues.
9. Revising training based on assessment of effectiveness through a continual evaluation process.

ACYF conducts core training for case managers and supervisors using curricula endorsed by the Child Welfare League of America. One- and two-day advanced in-service workshops are conducted during the year in locations throughout the state. ACYF also conducts parent aide training and specialized training. The Department encourages staff to attend community workshops as well as pursue a bachelor's or master's degree to further improve the quality and professionalism of services.

SUMMARY OF ACYF TRAINING

SFY 2001

<u>Type of Training</u>	<u>Number of Modules</u>	<u>Number of Days</u>	<u>Number of Classes Started</u>
Case Manager Core	8	23*	11
Supervisor Core	7	21	2
Parent Aides Core	4	8	4
Workshops	N/A	1-2	29
Conferences	1	2	1

* Module 1B Legal is now three days.

NOTE: Training costs are paid by the Child Protective Services Training Fund, Title IV-E training reimbursements of federal grant funds.

New case managers received the Introductory Guide which includes readings and assignments to observe specific activities of experienced staff. The Introductory Guide is intended to be completed within the first month of employment.

New supervisors at the time of hire receive a New Supervisor Handbook which provides basic guidelines to begin the job.

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